



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

November 14, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Dear Supervisors:

**AN ORDINANCE TO EXTEND THE TERM OF GAS PIPELINE FRANCHISE
ORDINANCE NO. 6765 GRANTED TO SOUTHERN CALIFORNIA GAS COMPANY
(ALL AFFECTED) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve an amendment to gas pipeline franchise Ordinance No. 6765, granted to Southern California Gas Company, a California corporation (SoCalGas), to extend the term of the franchise through December 31, 2007.
2. Introduce, waive reading, and place on your Board's agenda for adoption the accompanying ordinance that implements the above recommendation, becoming effective 30 days from adoption thereof.
3. Find that this project is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to extend the term of the gas pipeline franchise granted to SoCalGas through December 31, 2007, in order to provide additional time for the Auditor-Controller to audit the annual fees paid by SoCalGas during the past five-year period of the existing franchise, and allow the County of Los Angeles (County) to implement certain revisions to the County's franchise codes and negotiate the terms and conditions of a new franchise with SoCalGas.

Implementation of Strategic Plan Goals

The County Strategic Plan directs that we provide the public with quality service that is beneficial and responsive (Goal 1). The Board's approval and adoption of an ordinance to extend the term of the SoCalGas pipeline franchise is consistent with this goal.

FISCAL IMPACT/FINANCING

SoCalGas has paid the County a one-time granting fee of \$5,000 to process an ordinance to extend the term of the franchise. SoCalGas will continue to pay an annual fee of two percent of the gross annual receipts arising from the use, operation or possession of the franchise. For the 2005 calendar year, SoCalGas declared gross annual receipts applicable to the franchise of \$106,948,508, and paid the County a combined annual franchise fee and municipal land use surcharge totaling \$3,066,138.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 20, 1955, your Board adopted Ordinance No. 6765, granting a 50-year Countywide gas pipeline franchises to SoCalGas, and by Ordinance No. 2005-0075F, your Board extended the term of the franchise to December 31, 2006. Upon your Board's approval and adoption of the accompanying ordinance, the term of the SoCalGas franchise will be extended through December 31, 2007.

The Audit Division of the Auditor-Controller performed a limited review of the financial statements of SoCalGas. Based upon the results of the audit, this office recommends extending the term of the franchise. The Department of Public Works and the Fire Department have reviewed the request and have no objections. County Counsel has reviewed the accompanying ordinance to extend the franchise and approved it as to form.

ENVIRONMENTAL DOCUMENTATION

This project is categorically exempt under the CEQA pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

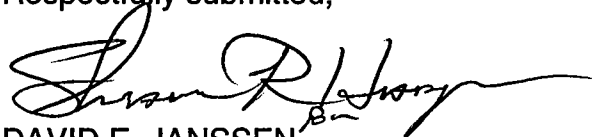
The recommended Board actions will not impact or adversely affect any current services or future projects.

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CONCLUSION

Instruct the Executive Officer, Board of Supervisors, to send conformed copies of the approved Board recommendation and the adopted ordinance to Southern California Gas Company, 555 West Fifth Street, Los Angeles, CA 90013, Attention: Mr. Stuart Wells, Franchise and Fees Manager, and the offices of County Counsel, Auditor-Controller, Audit Division, Department of Public Works, Fire Department, Fire Prevention Division, Petrochemical Unit, and the Chief Administrative Office, Real Estate Division, Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a stylized flourish at the end.

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CB:RB:dd

c: County Counsel
Auditor-Controller
Department of Public Works
Fire Department

SCG.B

ANALYSIS

This ordinance extends through December 31, 2007, a gas pipeline franchise granted to Southern California Gas Company, a Corporation, granted by Ordinance No. 6765, as amended.

RAYMOND G. FORTNER, JR.
County Counsel

By 

GRACE V. CHANG
Senior Deputy County Counsel
Property Division

GVC:gjh

9/29/06 (requested)

10/30/06 (revised)

ORDINANCE NO. _____

An ordinance to extend through December 31, 2007, the term of the gas pipeline franchise granted to Southern California Gas Company, a corporation, by Ordinance No. 6765, as amended.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 1 of Ordinance No. 6765, as amended, is hereby amended to read as follows:

Section 1. Franchise Term, Grant.

The right, privilege, and franchise is hereby granted to the Southern California Gas Company, a company organized and existing under and by virtue of the laws of the State of California, to lay, construct, erect, install, operate, maintain, use, repair, replace, and remove pipes, pipe lines, mains, services, traps, vents, vaults, manholes, meters, gauges, regulators, valves, conduits, attachments, and other appurtenances for transmitting and distributing gas for any and all purposes under, along, across, over, or upon the highways, ways, and alleys of the County of Los Angeles through December 31, 20067. This franchise applies only to territory which, upon its effective date, is unincorporated.

[PPSOCALGASGCCC]